

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2498 – SB 2467**

January 31, 2012

**SUMMARY OF BILL:** Effective July 1, 2013, requires a driver to maintain proof of financial responsibility if involved in an accident and convicted of DUI by Implied Consent. Requires non-residents to have coverage that meets Tennessee's financial responsibility requirements. Requires the Department of Safety (DOS) to develop an online electronic verification system or a telephone staffed 24 hours a day, seven days a week, where law enforcement can verify that a driver has the required insurance coverage. Requires the system to be in place by July 1, 2013. Authorizes a fine up to \$50,000 for a driver leaving the scene of an accident, involving death or personal injury, to avoid verification of compliance with financial responsibility requirements.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$596,300/One-Time/FY12-13  
\$889,300/Recurring/FY12-13  
\$2,223,200/Recurring/FY13-14 and Subsequent Years**

**Assumptions:**

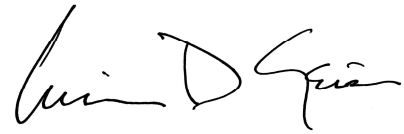
- All drivers are already required to maintain proof of financial responsibility.
- According to the Department of Safety, the more effective option would be an online system rather than a 24-hour help desk.
- One additional analyst position will be required to maintain the database. An increase in one-time state expenditures for this position of \$2,800 (computer and supplies). An increase in recurring state expenditures of \$63,236 (\$49,860 salary + \$13,376 benefits).
- One-time state expenditures associated with creation of the database will be \$593,500 (\$120,000 web interface for real-time query access + \$200,000 programming for connection between DOS and Department of Revenue to retrieve registration information + \$125,000 CAD configuration + \$148,500 contract project manager).
- When an insurance policy is added or canceled the system must be updated. The increase in recurring state expenditures for software to provide real-time information from insurance companies regarding approximately 9,200,000 vehicles actively registered in the state will be \$2,160,000 (\$180,000 per month from an outside vendor).
- One-time increases in state expenditures will be incurred in FY12-13 in order to have an online system in place by July 1, 2013.

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- An increase in one-time state expenditures of \$596,300 (\$593,500 + \$2,800) in FY12-13.
- Recurring expenditures will not begin until the online system is fully functional.
- A total increase in recurring state expenditures of \$2,223,236 (\$2,160,000 + \$63,236) in FY13-14 and subsequent fiscal years.
- Approximately 40 percent of recurring expenditures will be required in FY12-13; an increase in state expenditures of \$889,294 (40% x \$2,223,236).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jaw